

**COMMENTS OF ENERNOC, INC
ON THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR'S
PROXY DEMAND RESOURCE DRAFT TARIFF LANGUAGE
FOURTH REPLACEMENT CAISO TARIFF
NOVEMBER 25, 2009**

EnerNOC, Inc. ("EnerNOC") is pleased to provide comments on the California Independent System Operator's (CAISO's) *Proxy Demand Resource Draft Tariff Language*, dated November 25, 2009. We also look forward to participating in the scheduled December 4, 2009 teleconference to discuss this document.

General Comments

Our comments are based on the tariff pages posted to CAISO's website on November 25, 2009, which include a Pro Forma Proxy Demand Resource (PDR) Agreement. We did not review other sections of the CAISO tariff, but we recognize that additional review of all tariff sections as well as the referenced Business Practice Manuals may also be required to ascertain whether additional tariff changes are required.

We would also expect that CAISO will provide a date for issuing the additional proposed modifications to a number of sections that include placeholders in this document.

Specific Comments by Section

Section 6.3.1

The language in this section indicates that while CAISO would normally communicate dispatch instructions to the Scheduling Coordinator, who would then be expected to pass the instructions along to the Generator, Participating Load or Demand Response Provider, CAISO reserves the right to communicate dispatch instructions directly to the generators rather than through Scheduling Coordinators or operators of the PDRs. If "generators" here refers to individual resources and means that CAISO would contact individual customers in a PDR directly, this seems problematic. In many, if not most, cases, assets participating in wholesale markets through DR Providers are directly controlled by the DR Provider, so the Provider is the appropriate entity to receive dispatch instructions to ensure system reliability.

One other note that is relevant to several sections but first occurs here is that the language seems to switch from "Demand Response Provider" to "operators of Proxy Demand Resources." In other places however, the language refers to "owner or operator of Proxy Demand Resources." This gets a bit confusing in some places. In many cases the owner and operator are different entities. In many cases, the "operator" seems to be the Demand Response Provider, but that doesn't seem to apply in every instance either. Please clarify whether you intend for these terms to be interchangeable. If not, an additional definition of PDR "operator" may be required to distinguish that from the DR Provider.

Section 8.4.5

If there is an objective other than providing the most reliable communication link possible to justify the requirement that a DR Provider who is offering any Ancillary Service must provide a “direct ring down voice communications circuit between the control room operator for the Demand Response Services and the CAISO Control Center” please provide that clarification on the December 4 stakeholder call. Otherwise, if the objective is to provide the most reliable communication link possible, a ring down line is not the only answer. It is our experience that establishing a regular 24x7 phone line, as DR Providers do in other jurisdictions such as PJM, can be more reliable than a ring-down line. This is because it allows entities to leverage redundant services (control rooms, data centers, phone switches, etc.) instead of relying on the single ring down line. If entities are able to provide that type of communication link, it should be equally acceptable to CAISO.

Appendix A, Master Definitions

Some of the terminology used throughout the tariff would benefit from additional clarification as it is being introduced for the first time. As noted above, some terms appear to be used interchangeable, such as “operator of PDR” and “DR Provider” and may require additional clarification. In addition, we have noted a few definitions here that seem confusing.

“Demand Response Application” sounds like an application a Demand Response Provider might complete, but the definition seems to refer to forms CAISO uses to report on DR data. This is fairly confusing and would benefit from a new label so as not to be confused with a Proxy Demand Resource Agreement.

“Demand Response Services” is used to describe the demand from the PDR that is bid into the Day-Ahead and Real-Time Markets. How does this differ from “Proxy Demand Resource”?

“Proxy Demand Resource Uninstructed Deviation Amount for Energy” refers to Section 11.6.1.1, which is not included in this document. The section that appears to reference this topic is Section 11.23, which states that FERC has not approved CAISO’s request to charge Uninstructed Deviation Penalties for Imbalance Energy, so perhaps the definition is premature.

Appendix B.14, Proxy Demand Resource Agreement

We may have additional comments on this Pro Forma Agreement on the December 4 stakeholder call, but one section in particular is confusing. Section 4.3 states that the Demand Response Provider must “certify to the CAISO that its participation is authorized by the Local Regulatory Authority applicable to Demand Response Providers and that it has satisfied all applicable rules and regulations of the Local Regulatory Authority.” This seems to be a direct contradiction FERC Order 719, which places the responsibility on the Local Regulatory Authority to authorize direct participation of

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Demand Response Providers in CAISO wholesale markets. Please explain the rationale for this requirement.

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